

Memorandum

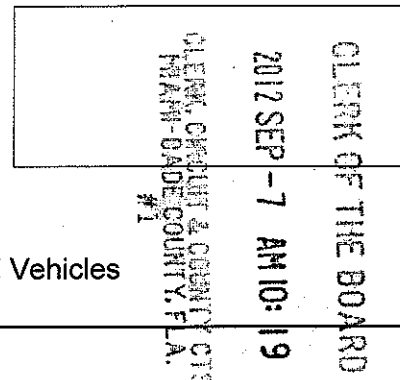


Date:

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Recommendation for Approval to Award: New Heavy Rail Vehicles



RECOMMENDATION

It is recommended that the Board of County Commissioners (Board) approve award of this contract to AnsaldoBreda S.p.A (AnsaldoBreda) for purchase of 136 new heavy rail replacement vehicles and the decommissioning of the existing Metrorail fleet. The vehicles will be designed and built by AnsaldoBreda to provide 30 years of useful life to the County. The contract is compliant with the commercial, and technical requirements of the Request for Proposals (RFP), and all the applicable federal requirements.

This contract award recommendation is placed for Committee review pursuant to Miami-Dade County Code Section 29-124(f). This contract award recommendation may only be considered by the Board if the Citizens' Independent Transportation Trust (CITT) has forwarded a recommendation to the Board prior to the date scheduled for Board consideration or forty-five (45) days have elapsed since the filing with the Clerk of the Board of this contract award recommendation. If the CITT has not forwarded a recommendation and forty-five (45) days have not elapsed since the filing of this award recommendation, I will request a withdrawal of this item.

CONTRACT NO: Contract No. 654

CONTRACT TITLE: Purchase of 136 New Heavy Rail Vehicles

DESCRIPTION: Purchase of 136 new Heavy Rail Vehicles (HRV) inclusive of spare parts, staff training, training simulator, vehicle testing and test equipment, technical and training manuals and drawings. The Contractor shall furnish all bonds and insurances, labor, materials, tools, equipment, transportation and supervision, and shall perform all design, engineering, systems integration, manufacturing, testing, repairs, retrofits, and provide technical support necessary to perform the work. The Contractor will decommission the existing fleet of vehicles in accordance with all federal, state, and local regulations.

TERM: Ten years and seven months inclusive of a five-year warranty period per vehicle.

Note: The RFP required a base vehicle warranty of three years. The County negotiated a five-year base vehicle warranty at no additional cost. Notice to Proceed (NTP) is anticipated in the fourth quarter of 2012 with a scheduled delivery and acceptance rate of six vehicles per month starting the second quarter of 2015. The final six vehicles are scheduled to be delivered and accepted during the last quarter of 2017.

APPROVAL TO ADVERTISE: March 31, 2009

CONTRACT AMOUNT: \$313,832,000, inclusive of a 5% contingency allowance. The contract amount is based on the negotiated price of \$298,887,200, plus \$14,944,800 for the contingency.

PREVIOUS CONTRACT AMOUNT: \$83,808,368 in 1979, through a joint purchase with Baltimore, Maryland for the existing fleet.

**USING/MANAGING AGENCY
AND FUNDING SOURCE:**

Department	Allocation	Funding Source	Contract Manager
Transit	\$313,832,000	Charter County Transportation Surtax Funds (Surtax): Bond Receipts	Jerry Blackman

The allocation and funding source have been reviewed and approved by the Office of Management and Budget. There is no fiscal impact beyond what is stated in this recommendation.

The procurement process was conducted in accordance with all Federal Transit Administration (FTA) requirements and guidelines. A Letter of No Prejudice (LONP) for \$300 million, that is valid until November 19, 2014, has been received from the FTA. The LONP allows the County to apply for federal funding after contract award.

The total required funding for the Project, including this contract, project management, oversight and other support costs is \$375,746,000. This amount is \$25,705,000 less than the not to exceed ceiling of \$401,451,000 for total project costs approved by the Board through Resolution R-488-08 on May 6, 2008. The \$375,746,000 will be funded through the issuance of Transit System Sales Surtax Revenue Bonds. Net Transit System Sales Surtax revenues will be the sole pledge for repayment of the Bonds. The Bond Ordinance and corresponding Series Resolution authorizing the Bonds was approved by the Board on June 5, 2012.

This project funding request includes engineering services to be provided under an existing consultant services contract with Washington Infrastructure Services, Inc. (WIS). The existing contract (No. TA02-MR26) will require an extension of the term, and an increase in funding of approximately \$4.4 million (included in the project funds of \$375,746,000 above) and is being presented as a separate agenda item.

**SENIOR PROCUREMENT
CONTRACTING OFFICER:** Fred Simmons, Jr.

METHOD OF AWARD: To the recommended responsive, responsible vendor based on the evaluation criteria established in the solicitation. A full and open competitive Request for Proposals process was used. The vendor whose offer was determined to represent best value, and most advantageous to the County, is recommended for award.

**VENDOR RECOMMENDED
FOR AWARD:**

Vendor	Address	Principal
AnsaldoBreda S.p.A.	Via Argine N. 425 Naples, Italy 80147	Maurizio Manfellotto

**VENDORS NOT
RECOMMENDED
FOR AWARD:**

Alstom Transportation Inc.: Found non-responsive by the County Attorney's Office as their proposal did not meet the County's "not to exceed per vehicle" price cap of \$2.419 million per vehicle.

CAF USA, Inc.: Was not recommended by the Negotiations Team as their offer did not provide the best value to the County.

PERFORMANCE DATA:

Please refer to the Responsibility Review section of this memorandum.

COMPLIANCE DATA:

There are no compliance issues with the recommended firm.

CONTRACT MEASURES:

The Review Committee of April 1, 2009 determined that no measures would be applied due to the inclusion of federal provisions in the solicitation.

LIVING WAGE:

The services being provided are not covered under the Living Wage Ordinance.

USER ACCESS PROGRAM:

The User Access Program provision is not included.

INSPECTOR GENERAL FEE:

The Inspector General fee does not apply.

LOCAL PREFERENCE:

The Local Preference Ordinance does not apply.

**ESTIMATED CONTRACT
COMMENCEMENT DATE:**

Ten days after date adopted by the Board of County Commissioners, unless vetoed by Mayor.

DELEGATED AUTHORITY:

If this item is approved, the County Mayor or designee will have the authority to exercise, at their discretion, contract modifications, subsequent options-to-renew and other extensions in accordance with the terms and conditions of the contract.

BACKGROUND

On September 9, 2004, the Board approved Resolution No. R-1097-04 authorizing a Request to Advertise (RTA) the MDT Heavy Rail Vehicle Rehabilitation project (RFP No. 439).

The selection process included negotiations and consideration of a Best and Final Offer (BAFO) process with the top ranked proposer resulting in a final price offer of \$274,495,000, or \$2.018 million per vehicle. A careful review of the negotiations results was conducted, along with a thorough assessment of the rail industry marketplace, evaluation of MDT's existing rail service performance, and future requirements for rail vehicles, including planned Metrorail extensions, and a life cycle cost

analysis to ascertain whether it was more cost effective to rehabilitate or purchase new replacement vehicles. The results of these analyses, detailed in a memorandum to the Board on September 27, 2007, resulted in the Board's approval on March 18, 2008 to reject all bids for RFP 439. Subsequently, on May 6, 2008, the Board approved a PTP Amendment to purchase new replacement vehicles.

On March 31, 2009, the County issued a solicitation (RFP No. 654) for a base purchase of 144 new heavy rail vehicles to replace the existing fleet. The County included two significant standard industry practices during development of the solicitation: 1) a comprehensive Peer Review of the solicitation prior to issuing the RFP in which the County invited a panel of transit experts, assembled by the American Public Transportation Association (APTA), to conduct a thorough review of the solicitation documents including a review of the technical provisions, general provisions, and the solicitation and 2) a Value Engineering Study of the technical provisions, which was performed by Lea+Elliott, Inc., an independent engineering consultant and 3) an industry review of the specifications by seven major carbuilders. The Peer Review panel made recommendations regarding contract administration, contractor performance, inspections and reviews, and risk reduction to the County. Specific recommendations focused on indemnification, bonding, insurance, product warranties, management of claims and disputes, and promotion of quality assurance. The Value Engineering Study provided recommendations for improving the technical provisions that would allow proposers to offer vehicles that will be cost effective, energy efficient, improve performance, lower cost of maintenance, and provide maximum reliability and safety.

PROPOSAL EVALUATIONS

Proposals were received from three railcar builders on September 25, 2009: Alstom Transportation Inc., (Alstom), AnsaldoBreda S.p.A, (AnsaldoBreda), and CAF USA, Inc. (CAF). The proposals were evaluated by an Evaluation/Selection Committee who received assistance from a team of technical and commercial experts appointed by the former County Manager. Points were allocated in accordance with the RFP documents as follows:

Technical Proposal	50 points
Commercial Proposal	10 points
- Staffing, Resources and Qualifications	
Base Vehicle Price	38 points
Options Price	2 points

The RFP required that proposers not exceed a price cap of \$2.419 million established by the County for each of the base and option vehicles. Various sections in the RFP conveyed this requirement. Section 1.1 of the RFP notes the consequences of non-compliance with this requirement, "Proposals that include a per unit price in excess of the \$2.419 million will be considered non-responsive and will not be considered for award." Additionally, Section 4.5 of the RFP (Price Evaluation) indicates that after the evaluation of commercial and technical proposals, in light of oral presentations, if any, the County will conduct a subjective evaluation of price proposals of those Proposers remaining in the zone of consideration. Proposers were required to submit Form A-7 Affidavit of Miami-Dade County Acknowledgement of Proposed Price, attesting to the Proposer's compliance with the price cap. The information on Form A-7 submitted by Alstom resulted in uncertainty regarding Alstom's responsiveness to the County's price cap requirement.

The County requested clarification from Alstom of its Form A-7 submission and received a response that did not clearly state if the price cap was met as required by the RFP. Based on the legal opinion rendered by the County Attorney's Office (attached), Alstom's commercial and technical proposals were

evaluated, but its price proposal was not considered once it was determined to be non-responsive. In its May 18, 2010 letter to the County, Alstom formally requested return of its Proposal Guarantee Deposit, removing itself from consideration for contract award in accordance with RFP Section 1.3.2.

The Evaluation/Selection Committee completed its evaluation and scoring of the proposals on March 15, 2010. The final composite score for each proposer is detailed below.

Proposer	Commercial Score	Technical Score	Price Score	Price Submitted for 144 cars	Total Combined Score
Alstom	6.94	29.15	N/A	\$501,229,475 \$3.481M per vehicle	36.09
AnsaldoBreda	5.12	31.61	35.30	\$344,387,868 \$2.392M per vehicle	72.03
CAF	6.59	30.95	34.80	\$348,334,704 \$2.419M per vehicle	72.34

NEGOTIATIONS

The County Manager at the time approved the Evaluation/Selection Committee's recommendation that the County enter into negotiations with the two proposers remaining in the zone of consideration (AnsaldoBreda and CAF). The memorandum also approved a four member negotiations committee. Negotiations commenced on June 2, 2010.

The FTA, through its Best Practices Manual, encourages agencies to visit the facilities of proposers prior to award, to assess their capabilities to meet the requirements for vehicle production. During the week of August 1, 2010, County staff visited the proposed final assembly facility of CAF in Elmira, New York. During the visit, CAF advised of its intention to take advantage of the large rail car manufacturing labor pool in the region. This labor pool, along with CAF's staff, provides the human resources necessary to assemble and deliver the vehicles. County staff also visited AnsaldoBreda's existing vehicle final assembly facility in Pittsburg, California. The Pittsburg facility will be used to assemble the six pilot cars and serves as a model for the vehicle final assembly facility to be constructed in Miami-Dade County. County staff concluded that both firms have the capacity to complete final assembly of the vehicles.

On August 9, 2010, Best and Final Offers (BAFO) for price were received from the two proposers. BAFO prices were as follows:

- AnsaldoBreda \$ 298,887,200 or \$2,197,700 per car
- CAF USA, Inc \$ 303,566,408 or \$2,232,106 per car

AnsaldoBreda's BAFO price of \$298,887,200 represents a reduction of \$30,096,800 when compared to the County's price cap of \$328,984,000 (\$2,419,000 per vehicle). AnsaldoBreda's BAFO price is \$4,679,208 less than the CAF BAFO price.

The Negotiations Team met on August 10, 2010 to consider BAFOs and to carefully review and evaluate which competitive offer represented the best value. In determining best value, the Negotiations Team considered FTA procurement guidelines and County procurement policies.

The FTA specifically states, "The recipient should base its determination of which proposal represents the "best value" on an analysis of the tradeoff of qualitative technical factors and price or cost factors."

The County considered qualitative factors such as the proposer's technical design, technical approach, length of delivery schedule, quality of proposed personnel, past performance, technical and commercial offerings, and management plan.

County staff negotiated offers with both proposers that met the requirements of the RFP. County staff also negotiated significant technical enhancements and commercial terms into each agreement. The County sent each proposer a list of technical enhancements that were discussed during negotiations. The list was customized to the particular proposer based on discussions during negotiations of their specific offer. In its BAFO to the County, each proposer returned its list, indicating if a particular item would be included in its final offer to the County under the price cap. AnsaldoBreda and CAF offered similar enhancements in their offers. For example, both proposers offered bicycle racks, Baultar flooring, a full operator's cab in the second car of the married pair, Mitsubishi roof mounted HVAC system, LED lighting, WiFi Wireless connectivity, the latest mobile communications connectivity at the time of assembly, an integrated passenger information system, a simulator for operator training, and a 5-year vehicle warranty. Additionally, AnsaldoBreda's offer included animated air and electronic schematics that will be used as a training aid by Transit staff for orientation, and repair of the new vehicles. This item was not offered by CAF.

BEST VALUE

In making a determination of best value, the County considered a) the negotiated technical provisions, b) the negotiated terms and conditions, c) the BAFO prices, and d) the items on the list of enhancements each proposer submitted to the County. Based on these factors, the County determined that the offer from AnsaldoBreda represents the best value, and as such is most advantageous to the County. The AnsaldoBreda offer is compliant with all of the RFP requirements, offers several significant technical enhancements and favorable commercial terms, and was the lowest priced. FTA Circular 4220.1F outlines third party contracting requirements of the FTA in the procurement process. FTA guidelines state in part, "The evaluation factors for a specific procurement should reflect the subject matter and the elements that are most important to the recipient." These procedures, include guidance regarding determination of best value were communicated to County staff during the August 10, 2010 negotiation meeting.

The recommended negotiated contract with AnsaldoBreda includes a number of provisions that reduces the County's risk and enhances contract administration. A performance bond that spans the scope of the work, and ranges from 12% to 30% of the contract amount depending on the level of the County's exposure is included. The performance bond requires various levels of coverage commensurate with the work effort.

The levels of coverage increase and decrease as work progresses through various phases. For example, the performance bond requirement starts at contract award at 12% of the contract sum, increases to 25% of the contract sum as the work progresses to completion of the final design review through delivery of the first three married pairs also called pilot vehicles (2 vehicles per married pair), and completion of testing. The bond coverage peaks at 30% of the contract sum, and starts to decline at a rate of 1/68 upon acceptance of each married pair. This bond structure serves to reduce cost while maintaining the coverage required for the work being performed. Additionally, the contract includes liquidated damages of \$1,653 per day per married pair (two vehicles permanently connected), based on the delivery of vehicles in the contract schedule. As added financial protection, a payment bond in the amount of 2% (\$5,977,744) is required, and a milestone payment of 3% (\$8,966,616) will be held by the County until the end of the vehicle warranty. The contract also includes a number of general provisions to support effective contract administration.

These include the ability to stop work, suspend work, approve Contractor personnel, and make changes. These provisions provide essential controls to managing the Contractor's performance and adherence to the contract schedule.

On February 18, 2011, the former County Manager signed an award recommendation for AnsaldoBreda. On February 24, 2011, CAF filed a timely Intent to Protest, followed on March 1, 2011, by a timely filed protest of the former County Manager's award recommendation. The protest was heard by a Hearing Examiner on March 14, 2011. The County Manager's recommendation to award was upheld by the Honorable Judge Phillip Cook, the Hearing Examiner.

On February 25, 2011, the County requested from the FTA a review of AnsaldoBreda's plan for final assembly in-plant testing, and the plan's compliance with FTA Buy America requirements. On April 2, 2012, the FTA concluded that the approach outlined by AnsaldoBreda for final assembly in-plant testing of the county's new rail vehicles will comply with the Buy America minimum final assembly requirements outlined in Appendix D to 49 C.F.R. 661.11.

On March 24, 2011, CAF filed a Protest Appeal with the FTA, asserting that the County did not comply with the FTA procurement rules by considering a local vehicle final assembly facility proposed by AnsaldoBreda, local jobs, and the impact on the local economy. On July 14, 2011, the FTA notified the County of its intent to consider the protest submitted by CAF. In its decision dated November 23, 2011, FTA stated that based on its review of the record, including documents and arguments submitted by MDT, CAF, and AnsaldoBreda, the County did not follow Federal procurement requirements when it considered the location of the final assembly facility as an evaluation selection factor without specifically including this factor in the RFP, and when it considered local geographic preference as a selection factor. The FTA recommended that MDT reevaluate the proposers' Best and Final Offers without considering local preference, the effect of a local assembly facility on the local economy, or the potential project cost savings based upon the location of the final assembly facility (see attached).

In my November 28, 2011 memorandum to the Board, I rescinded the February 18, 2011 award recommendation by the former County Manager. In consideration of the FTA findings, and consistent with the County Attorney's Office's consultations with FTA Counsel, on November 29, 2011, I reconvened the same Committee to re-evaluate the BAFO proposals to comply with FTA's recommendation.

On December 6, 2011, the Committee re-convened at a publicly noticed meeting and re-evaluated the BAFOs and factors such as the company's financial capacity, technical offer and capability, delivery capability, testing capabilities, and technical enhancements like animated air schematics. In accordance with the recommendation from the FTA and my directive, the Committee did not consider local preference, the effect of a local assembly facility on the local economy, or the potential project cost savings based upon the location of the final assembly facility. The Committee, after re-evaluating the BAFOs, forwarded an award recommendation for AnsaldoBreda (see Committee Report attached).

A majority of the Committee members found that the two offers were comparable from a technical standpoint, and that AnsaldoBreda's BAFO was \$4.6 million less than the BAFO from CAF, which led the Committee to recommend AnsaldoBreda.

DUE DILIGENCE

During negotiations, the past performance of AnsaldoBreda and CAF was reviewed in detail by County staff. Staff conferred directly with other transit agencies, conducted internet and market research, reviewed financials and legal reports for AnsaldoBreda and CAF and held discussions with both railcar builders regarding their past performance. In particular, the Evaluation/Selection Committee (Committee), during the evaluation process, considered the reference from Los Angeles County

Metropolitan Transportation Authority regarding product and management services. The results of these efforts were discussed with the Negotiations Team at the August 10, 2010 meeting. The Negotiations Team weighed the information and findings in making a decision regarding each proposer's ability to perform the work required by the solicitation, including its ability to deliver the vehicles in accordance with the negotiated schedule.

AnsaldoBreda is fully owned by Finmeccanica S.p.A., Italy's largest manufacturing investor in high technology products with approximately 73,400 employees, and is Italy's second largest manufacturing group with approximately \$21.5 billion in revenues, and orders of \$61.5 billion. More than 60% of Finmeccanica's shares are publicly traded on the Milan Stock Exchange with the remaining shares owned by the Italian Ministry of Economics and Finance. AnsaldoBreda has built and delivered heavy rail vehicles for agencies in Italy and Spain for over 30 years. They have supplied complete rail systems and manufactured transit vehicles for over 150 years. AnsaldoBreda has built and delivered heavy rail transit vehicles for the following United States transit agencies:

- Los Angeles County Metropolitan Transportation Authority (LACMTA) (1988-Base Order-30 Heavy Rail Vehicles (HRVs) Contract options in 1994-42 HRVs, and 1996-32 HRVs)
- Washington Metropolitan Area Transit Authority (WMATA) (1979-Base Order-94 HRVs, Contract options in 1981-200 HRVs, 1985-46 HRVs, 1986-26 HRVs, 1989-68 HRVs, and 1990-32 HRVs)
- Metropolitan Atlanta Rapid Transit Authority (MARTA) (1998-100 HRVs, and Rehabilitation of 118 HRVs)
- San Francisco Municipal Transit Agency 1991-2010; 151 Light Rail Vehicles (LRVs), rehabilitation of 143 LRVs, Rehabilitation of 34 LRV Trucks, and Repair of 7 wrecked LRVs

County staff conducted extensive reviews to determine the proposer's responsibility with specific focus on its capability from a commercial and logistical standpoint to perform and manage the County contract. Staff has reviewed information from several recognized sources, including Dunn & Bradstreet reports; a risk analysis indication of the proposers' business practices regarding how they meet financial obligations, and their payment practices compared to other companies in the rail industry. Staff also reviewed PACER (Public Access to Court Electronic Records) reports to determine if there was any pending litigation for either company. PACER reports show that neither company had a match for pending litigation. Staff reviewed the federal Excluded Parties List System to determine if either company is excluded from participating on federal contracts. Reports were run on countries in which AnsaldoBreda is registered as a foreign corporation and doing business: U.S., France, Norway, Denmark, Greece, Spain, Taiwan, and Morocco. Reports show that AnsaldoBreda is not excluded from participating on federal contracts.

The company is not listed on the State of Florida Suspended Vendor List. Finally, staff ran reports from existing County systems, including the Finance Department's Delinquent Vendor List, and the County's Debarred Contractors List. Neither company was listed on either report. AnsaldoBreda is a registered County vendor and is registered in active status with the State of Florida.

The County also reviewed the circumstances surrounding the Metropolitan Transit Authority of Harris County, Texas (Houston METRO) solicitation in which the FTA, in its October 1, 2010 letter to CAF, upheld its September 7, 2010 decision, finding that Houston METRO violated FTA's procurement rules, and that Houston METRO and CAF violated FTA's Buy America requirements.

County staff reviewed newspaper articles regarding AnsaldoBreda's performance on contracts in Los Angeles, Buffalo, Cleveland, San Francisco, Boston, Chicago, Washington, DC, the Netherlands, Denmark, and Norway. These articles report delivery delays and performance issues with vehicles provided by AnsaldoBreda. Staff also reviewed November and December 2010 news articles

surrounding the AnsaldoBreda contract with the Niagara Frontier Transportation Authority (NFTA), in which 27 subway cars are to be refurbished for the Buffalo, New York subway system.

As a result of media based information regarding the NFTA contract in Buffalo, New York, staff conducted a detailed review of the circumstances surrounding AnsaldoBreda's performance on the rail rehabilitation project. A publicly noticed meeting was held with AnsaldoBreda's top US officials on January 13, 2011 in Miami. Senior management staff of Miami-Dade Transit and Procurement Management Services, as well as the County Attorney's Office discussed with AnsaldoBreda the news reports, along with a number of capacity and performance matters. Staff has reviewed documents received from NFTA in regard to the historical data surrounding the contract and its current status, reviewed references for various properties that have been the beneficiaries of new rail and rehab rail procurements with AnsaldoBreda, as well as financial and legal reports. A thorough examination of documentation, including the NFTA contract with AnsaldoBreda, and documents received from NFTA depicting related communications between NFTA and AnsaldoBreda has taken place. A review of AnsaldoBreda's track record was considered, along with other information collected during the solicitation process, to determine the firm's responsibility (integrity and capacity) to successfully carry out the Miami-Dade County rail contract requirements.

Since a significant amount of time has passed since the responsibility review was performed for the initial recommendation of this contract, County staff conducted another comprehensive responsibility review of AnsaldoBreda after the re-evaluation of BAFOs on December 6, 2011. Sources like Dunn and Bradstreet, PACER (Public Access to Court Electronic Records), federal Excluded Parties List System, and the State of Florida Suspended Vendor List were checked. Staff also ran reports from existing County systems, including: the Finance Department's Delinquent Vendor List, and the County's Debarred Contractors List.

On December 28, 2011, another publicly noticed responsibility review meeting was held with top executives from AnsaldoBreda to discuss the firm's financial and technical capacity, including its plants and workload, administrative support, and testing capability to meet its contractual obligations. The County was also able to obtain updates on projects that raised concerns during the initial responsibility review. Mike Bykowski, Director of Engineering for the NFTA in Buffalo, New York reports that the contract with AnsaldoBreda is proceeding well. Initially, NFTA asked AnsaldoBreda to subcontract out some of the assembly work to local firms. This approach was not successful and resulted in AnsaldoBreda subsequently assuming full responsibility for carrying out the project scope without the local subcontractors. The foregoing was done with NFTA's concurrence and the use AnsaldoBreda's own staff to complete the work. Director Bykowski stated that since AnsaldoBreda changed Project Managers, communications between NFTA and AnsaldoBreda's staff members are positive, AnsaldoBreda's staff is responsive to requests and inquiries, work to start vehicle deliveries is on schedule, and the project is moving in the right direction. The director reports that the previous issues with the subcontractors are resolved, as AnsaldoBreda's staff has taken over the work.

Additionally, AnsaldoBreda demonstrated that all its engineering, manufacturing and production facilities are capable of managing the Miami-Dade contract. Plant workload layouts provided detail regarding current workload and showed sufficient plant capacity when the Miami-Dade project was included. Staff determined there are no issues of concern and that AnsaldoBreda is fully capable of meeting the financial, logistical and technical requirements of the contract. AnsaldoBreda continues to hold its BAFO price, and has re-stated its commitment to all contract obligations should it be awarded a contract by the Board.


The second responsibility review determined that AnsaldoBreda continues to be backed financially by its parent company Finmeccanica, a viable financial firm whose revenues exceeded \$26 billion in 2010, with over \$68.6 billion in order backlog, \$31.6 billion in new orders, and has generated over \$3 billion in sales since entering the U.S. market in 1978. In 2011, Finmeccanica reported total assets of \$43.8 billion. AnsaldoBreda in the United States is headquartered in California. In addition to the Washington, D.C., Atlanta, and Los Angeles contracts, in 2011 AnsaldoBreda contracted with: Honolulu to supply 80 new driverless light rail vehicles (LRVs); Milan, Italy for 30 heavy rail vehicles (HRV), 36 driverless LRVs and 188 driverless LRVs; Copenhagen, Denmark for 84 driverless LRVs; and Genoa, Italy for 28 cars (LRVs).

Subsequent to my November 28, 2011 memorandum to the Board, I reviewed correspondence from a representative of CAF which maintained that the approximately \$4.67 million in savings from the AnsaldoBreda proposal was improperly calculated. CAF asserts that its total proposal cost using FTA "best value" guidelines actually amounts to a savings of almost \$17 million making its proposal best value because its overall cost to the County is lower. CAF asserted that a best value determination, which would include consideration of the cost of a test track, quality control efforts by the County, the County's consultant, and the use of a test track by the recommended firm, yields a higher price for the recommended carbuilder. The chart below compares the costs, as determined by the County to the costs detailed in the CAF letters. The figures clearly show that the difference in the price from CAF is not overcome by any higher costs resulting from the CAF best value analysis.

ITM	COST COMPONENTS	CAF CORRESPONDENCE		COSTS DEVELOPED BY COUNTY	
		ANSALDOBRED A	CAF, USA	ANSALDOBRED A	CAF, USA
1	PRICE PROPOSAL	\$298,887,200	\$303,566,408	\$298,887,200	\$303,566,408
2	QUALITY CONTROL (QC) INSPECTIONS (INCLUDING CONSULTANT TRAVEL)	\$9,442,598	\$6,784,237	\$9,442,599	\$8,801,944
3	ESTIMATED MDT PERSONNEL TRAVEL	\$2,335,278	\$1,535,885	\$410,000	\$404,870
4	BUILDING PROPOSED COUNTY TEST TRACK TO BE USED BY ANSALDOBRED A	\$16,800,000		\$0	\$0
5	USE OF COUNTY TEST TRACK BY ANSALDOBRED A FOR PRE-DELIVERY TESTING	\$1,250,000		\$0	\$0
	TOTAL COST TO MIAMI-DADE COUNTY	\$328,715,076	\$311,886,530	\$308,739,799	\$312,773,222

I find CAF's assertions unpersuasive. Specifically, approximately \$18 million of the savings CAF claims is related to the construction of the test track. This test track must be built regardless of which of the two firms is awarded; and therefore, a proposer cannot legitimately claim a savings to the County based on the construction or use of the test track.

CAF also claims oversight and travel expenses for AnsaldoBreda (lines 2 plus 3 in the table above) are roughly \$3.45 million more than CAF's. This figure is inaccurate. The amount shown on line 3 as MDT personnel travel for AnsaldoBreda in CAF's letter (\$2,335,278) was the estimated consultant travel cost already included in the line 2 total of \$9,442,598. Travel estimate for MDT personnel was \$410,000. The MDT personnel travel cost of \$1,535,885 in CAF's letter was developed by CAF. Moreover, my direction to staff and the Committee to pursue strict adherence to FTA guidance and recommendations rendered a decision that excluded the consideration of travel expenses associated with oversight as it was not an evaluation factor stated in the RFP. However, even if I were to consider such travel expenses, I would strongly recommend AnsaldoBreda for this contract award as it offers the best value to Miami-Dade County and the taxpayers we serve.



Alina T. Hudak
Deputy Mayor/County Manager